Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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PAGE 01 STATE 240757

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LIMDIS

FOLLOWING REPEAT LIMA 8893 ACTION SECSTATE 05 DEC

QUOTE

S E C R E T LIMA 8893

LIMDIS

EO 11652 XGDS
TAGS: PFOR, MASS, PE, US, CI, UR
SUBJECT: PERUVIAN PURCHASE OF SOVIET ARMS:
U.S. POLICY RESPONSE

1. THIS CABLE ADDRESSES ITSELF TO USG RESPONSE TO PERU'S HAVING MADE A MAJOR PURCHASE OF SOVIET ARMS. AFTER REVIEWING SOME OF THE IMPLI-CATIONS OF THE SOVIET SALE FOR PERU AND LATIN AMERCA, WE DISCUSS THREE POSSIBLE POLICY ALTERANATIVES. AT ONE END, USG MIGHT SIMPLY DOWNPLAY THE SOVIET SALE AND COMPETE MORE AGGRESSIVELY FOR PERUVIAN ARMS PURCHASES IN THE FUTURE. THE OTHER EXTREME WOULD BE TO ADOPT A CRITICAL PUBLIC ATTITUDE TOWARD GOP MIXED WITH SANCTIONS IN THE HOPE OF A CHANGE OF PERUVIAN POLICIES OR RULERS. A DAMAGE-LIMITING POLICY REPRESENTS
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PAGE 02 STATE 240757

A MIDDLE COURSE. THIS WOULD INVOLVE BILATERAL,

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

HIGH-LEVEL TALKS WITH THE GOP AIMED AT DISCOURAGING
FUTURE SOVIET PURCHASES, POSSIBLE COUNTERMEASURES
IN CHILE SUCH AS THE SALE OF M-YP TANKS, AND
REGISTERING OUR DISAPPROVAL WITH THE USSR, OR AT
LEAST TRYING TO GET THE SOVIETS TO LIMIT THE
PROVISION OF SOPHISTICATED WEAPONRY TO LATIN AMERICA.
WHATEVER COURSE OR COMBINATION OF COURSES IS CHOSEN,
CARE MUST BE EXERCISED TO PROTECT U.S. INVESETMENT
IN AND ACCESS TO PERUVIAN MINERALS SUCH AS PETROLEUM
AND COOPPER.

2. IMPLICATIONS OF SOVIET ARMS ARRIVAL:

A. AFTER CUBA, PERU BECOMES SECOND COUNTRY IN
WESTERN HEMISPHERE TO ACQUIRE IMPRESSIVE SOVIET
WEAPONRY.

B. SOVIETS WILL HAVE NEW OPPORTUNITIES TO
INFLUENCE PERUVIAN OFFICERS WHO WILL BE TRAINED IN
OPERATING AND MAINTAINING SOVIET WEAPONRY. WITH
PERU RULED BY MILITARY, SOVIETS WILL BE IN A BETTER
POSITION TO AFFECT PERUVIAN POLICY. (IT SHOULD BE
NOTED, HOWEVER, THA THE PURCHASE OF SOVIET TANKS
DOES NOT REQUIRE THE CONTINUING TECHNOLOGY AND
SUPPORT THAT OTHER TECHNICAL ARMAMENTS DO. THE
INTRODUCTION OF SOVIET TANKS TO PERU WILL ENTAIL
FAF FEWER SOVIET TECHNICIANS THAN DO CIVILIAN VENTURES
SUCH AS THE PAITA FISHING PROJECT OR OLMOS HYDRO-
ELECTRIC SCHEME.)

C. SOVIETS MAY SEEK TO ESTABLSIH PERMANENT
MILITARY MISSION AS CONTRASTED WITH TDY MAINTENANCE
INSTRUCTORS.

D. CUBA, WITH WHOM PERU HAS GOOD RELATIONS,
HAS PROBABLY BEEN DESIGNATED BY THE SOVIETS TO
PROVIDE LOGISTICAL SUPPORT TO PERU AND POSSIBLY HELP
WITH TRAINING. THE LATTER IS SIGNIFICANT BECAUSE
PERU APPEARS TO BE LOOKING FOR WAYS THAT WILL GUARANTEE
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MILITARY LOGISTICAL SUPPORT; CUBA COULD BECOME THE
LATIN FUNNEL TO ISOLATED PERU.

3. WITH SOVIET AND CUBAN BACKING, THE PERUVIANS
MAY BE TEMPTED TO ADOPT A MORE REVANCHIST ATTITUDE
TOWARD TRADITIONAL ENEMY CHILE. IT SHOULD NOT BE
FORGOTTEN THAT RECOVERY OF PROVINCES LOST TO CHILE
IN 1879 WAR OF THE PACIFIC REMAINS AN OBSESSION

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

AMONG PERUVIANS, AND PARTICULARLY THE MILITARY.

F. IN CONNECTION WITH ITS NON-ALIGNED, THIRD WORLD POSTURE, PERU MIGHT CONCEIVABLY DENOUNCE THE RIO TREATY (THOUGH FINMIN DENIED SUCH INTENTIONS TO AMBASSADOR JOVA AT THE JUST CONCLUDED OAS SESSION IN LIMA).

G. IN LATIN AMERICA, THE SALES OF ARMS TO PERU MAY TRIGGER SOVIET ARMS SALES ELSEWHERE, PARTICULARLY IF THE UNITED STATES REFUSES TO FURISH EQUIVALENT WEAPONRY TO LATIN ARMED FORCES.

H. IN CHILE, THE MOST IMEDIATE EFFECT WILL PRE-SUMABLY BE AN URGENT REQUEST FROM THE MILITARY FOR M-YP TAKS AND OTHER ARMS. THIS COULD LEAD TO A PERUVIAN-CHILEAN ARMS RACE WITH THE SOVIETS AND AMERICANS RESPECTIVELY BACKING LIMA AND SANTIAGO.

7. ECONOMIC INTERESTS AT PLAY. SIGHT SHOULD NOT BE LOST OF $750 MILLION INVESTED BY US COMPANIES IN PERU, MOSTLY IN MINING (COPPER, LEAD AND ZINC). FURTHER SIZEABLE AMERICAN INVESTMENT IN MINING AND PETROLEUM IS ALSO EXPECTED AND WILL BE ACCOMPANID BY SIGNIFICANT EXPORT OPPORTUNITIES.

8. FIST OPTION: DOWNPLAY SALE AND SELL MORE AGGRESSIVELY IN FUTURE. THIS OPTION ACCEPTS SOVIET MILITARY SALES TO PERU AS THE LOGICAL OUTGROWTH OF DETENTE AND SOVIET INROADS IN LATIN AMERICA INTO THE ECONOMIC, COMMERCIAL, DEVELOPMENT AND CULTURAL FIELDS. THE UNITED STATES WOULD FACE UP TO THE FACT THAT LATIN AMERICA IS NO LONGER CLOSED TO THINGS RUSSIAN (OR COMMUNIST). RATHER THAN CAUTIONING

PERU RE ITS ACTIONS AND WARNING OTHER LATINS NOT TO FOLLOW THE SAME COURSE, THIS OPTION WOULD HAVE THE US DOWNPLAY THE SOVIET SALE, RECOGNIZE THAT USG RESTRICTIVE POLICIES AND CONGRESSIONAL AMENDMENTS CONTRIBUTED TO THE SOVIET SALE, AND USE THE SALE TO ENERGIZE AND LIBERALIZE US ARMS SALES AND CREDITS TO LATIN AMERICA. THE SALE OF M-60 TANKS TO CHILE AND OTHER LATINS WOULD APPEAR PARTICULARLY JUSTIFIABLE. ONCE THE PRESS REPORTED ON THE ARRIVAL OF SOVIET TANKS IN PERU, THE USG WOULD NOTE PUBLICLY THAT US SECURITY INTERESTS ARE UNAFFECTED AND THAT HAD WE FOLLOWED MORE LIBERAL ARMS PRACTICES (AS EUROE AND TO USSR DO), WE OURSELVES MIGHT HAVE SOLD THE TAKNS TO PERU.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

9. THE PROS:

A. ACCEPTS THE SOVIET SALE, WHICH WE CANNOT UNDO IN ANY CASE.

B. ENCOURAGES MORE AGGRESSIVE US COMMERCIAL POLICY IN ARMS FIELD.

C. AVOIDS PERUVIAN ACCUSATIONS THAT WE ARE INTERFERING IN THEIR AFFAIRS BY CRITICIZING OR COMMENTING UPON THEIR SOVIEREIGN RIGHT TO BUY SOVIET OR ANY OTHER ARMS.

D. KEEPS OUR CHANNELS OPEN TO MILGOV OFFICERS FOR CONTINUING COOPERATIVE RELATIONSHIPS IN MILITARY ASSISTANCE AND ECONOMIC FIELD.

E. WILL NOT JEOPARDIZE US ECONOMIC INTERESTS OR ONGOING US-PERUVIAN EFFORTS TO SETTLE INVESTMENT DISPUTES.

10. THE CONS:

A. MAY ENCOURAGE FURTHER PERUVIAN ARMS PURCHASES AND OTHER AGREEMENTS WITH THE SOVIETS.

SECRET

B. MAY SIGNAL LACK OF CONCERN USG IF SOVIETS SELL ARMS TO LATIN AMERICA, AND ENCOURAGE LATTER TO STEP UP THEIR MILITARY COOPERATION WITH THE AREA.

C. US SILENCE WOULD DISMAY ANTI-MILGOV PERUVIANS AND CONSERVATIVE SOUTH AMERICAN STATES, SUGGESTING AMERICAN DISINTEREST IN LATIN AMERICA.

D. CONGRESS AND CERTAIN PUBLIC SECTORS MIGHT ACCUSE THE ADMINISTRATION OF PERMITTING A "SECOND CUBA" IN PERU.

11. SECOND OPTION: TAKE NOTICE OF TANK PURCHASE AND SEEK ACTIVELY TO LIMIT FURTHER SOVIET ARMS SALES. WILE ACCEPTING THE SOVIET SALE OF TANKS AND POSSIBLY ARTILLERY TO THE PERUVIAN ARMY AS A FAIT ACCOMPLI, THE USG WOULD TAKE A SERIES OF STEPS AIMED AT DISSUADING PERU FROM FURTHER PURCHASES OF SOVIET WEAPONRY AND AT REASSURING PERU'S NEIGHBORS. UNLIKE THE FIRST OPTION, WE WOULD NOT RPT NOT MINIMIZE THE SIGNIFICANCE OF THE SOVIET SALE. BUT WE WOULD USE IT TO JUSTIFY MORE LIBERAL ARMS SALES TO PERU

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

AND LATIN AMERICA AS IN OPTION ONE. IN ADDITION,
WE COULD (A) MAKE DIPLOMATIC APPROACHES IN LIMA; (B) PLAY
ON PERUVIAN FEARS OF CHILE; (C, D) APPROACH OTHER
LATINS: (E) HAVE THE DEPARTMENT CALL IN THE PERUVIAN
CHARGE AND ATTACHES; AND (F) RAISE THE MATTER WITH
THE USSR.

A. LIMA APPROACH. THE AMBASSADOR COULD APPROACH
THE GOP AT A HIGH LEVEL, PREFERABLY PRESIDENT VELASCO,
NOTING THAT THE NEWS OF THE PERUVIAN PURCHASE HAS
(OR WILL HAVE) SIGNIFICANT IMPACT UPON AMERICAN
PUBLIC OPINION. WHILE ACCEPTING PERU'S SOVEREIGN
DECISION TO BUY ARMS FROM WHEREVER IT CHOOSES, THE AMBASSADOR
WOULD ASK WHY PERU BOUGHT SOVIET TANKS AND WHY HAD THEY BEEN
IMPORTED SO SECRETIVELY. WE WOULD SEEK TO ASCERTAIN PERU'S
FUTURE INTENTIONS AND NOTE OUR CONCERN ABOUT AN ARMS
RACE WITH CHILE. MENTION MIGHT ALSO BE MADE ABOUT
THE EFFECT THAT CONTINUED SOVIET ARMS PURCHASES
WOULD HAVE ON THE AMERICAN PUBLIC, CONGRESS AND,
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LOGICALLY, OUR BILATERAL RELATIONS.

B. CHILEAN GAMBIT. AN INTEGRAL PART OF ANY
APPROACH IN LIMA WOULD BE TO PLAY ON PERUVIAN FEARS
OF CHILE AND MAKE IT CLEAR THAT THE PERUVIANS MAY
BE GIVING THE USG LITTLE CHOICE BUT TO SUPPORT
CHILE IN THE CASE OF AN ARMS RACE. PERUVIAN LEADERS
WOULD BE TOLD SPECIFICALLY THAT THEY HAVE MADE IT
VERY DIFFICULT FOR US TO REFUSE SALE OF M-60 TANKS
TO CHILE. WHILE SUCH ARGUMENTS MIGHT HAVE LITTLE
EFFECT ON PRESIDENT VELASCO, OTHER PERUVIAN OFFICERS
MIGHT BE DISMAYED AT PERU'S OPTING FOR DISTANT,
UNKNOWN SOVIET MILITARY HELP. CURRENT DOMESTIC
TROUBLES WHICH REQUIRED MILITARY INTERVENTION IN
AREQUIPA, CUZCO AND PUNO, MAY MAKE
THE PERUVIAN MILITARY WARY OVER PATH CHOSEN BY
VELASCO GOVERNMENT.

C. ARGENTINE HELP. USG DEMARCHE TO PERUVIANS
WOULD BE GREATLY REINFORCED IF ARGENTINES COULD BE
PERSUADED TO VOICE CONCERN TO PERUVIAN MILITARY
ESTABLISHMENT OVER INTRODUCTION SOVIET ARMAMENT INTO
SOUTH AMERI
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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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